



JANICE K. BREWER
Governor

HERBERT R. GUENTHER
Director

ARIZONA DEPARTMENT OF WATER RESOURCES

3550 North Central Avenue, Second Floor
PHOENIX, ARIZONA 85012-2105
(602) 771-8500

Via electronic mail

January 23, 2009

Ms. Cindy Ferrin
Arizona Department of Real Estate
2910 N. 44th Street
Phoenix, Arizona 85018

Water Report 53-700580.0000

Subdivision Name: Morning Star Airpark
Owner: First American Title Insurance Co.,
a California corporation, as Trustee under Trust No.9263,
with Morning Star Airpark, LLC, an Arizona limited liability
company as sole beneficiary

Number of lots: 142

County: Cochise

Township 17 South, Range 25 East, Sections 7 & 8

Water provided by: Wellspring Domestic Water
Improvement District

Water Type: Groundwater

Current water depth: 190 ft. below land surface

Estimated 100-year depth: 661 ft. below land surface

Current decline rate: 3.3 ft. per year

Basin: Willcox

Dear Ms. Ferrin:

Pursuant to A.R.S. § 45-108, the Department of Water Resources has reviewed the available information pertaining to the water supply for the above-referenced subdivision. This letter constitutes the Department's report on the subdivisions water supply as required by A.R.S. § 45-108(A).

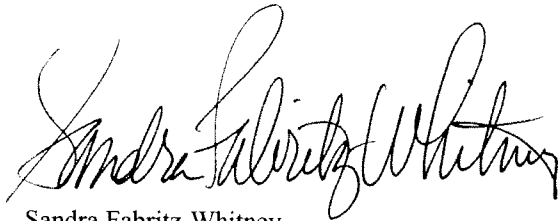
Adequacy of the 100-year water supply was reviewed by the Department with regard to physical, legal and continuous availability, water quality, and financial capability. Information available to the Department indicates that the applicant has satisfied the adequate water supply requirements as set forth in A.A.C. R12-15-701 *et seq.* Therefore, the Department of Water Resources finds the water supply to be adequate to meet the subdivision's projected needs. Any material change to the subdivision plat or its water supply plans may invalidate this decision. See A.A.C. R12-15-708.

This letter is being forwarded to your office as required by A.R.S. § 45-108. This law requires the developer to hold the recordation of the subdivision's plat until receipt of the Department's report on the subdivision's water supply. By copy of this report, the Cochise County Recorder is being officially notified of the developer's compliance with the law. Because of the possibility that a future court proceeding could result in a legal determination that water withdrawn from wells in this area is surface water, the Department recommends that your office include the following statement in all promotional material and contracts for sale of lots in the subdivision:

“Pursuant to A.R.S. § 45-108 and A.A.C. R12-15-701 *et seq.*, the Department has determined that the water supply for the Morning Star Airpark subdivision is adequate, *i.e.* that the water supply is physically, continuously and legally available to satisfy the subdivision’s annual estimated water demand, that the water supply is of suitable water quality, and that the applicant has demonstrated the financial capability to construct adequate delivery, storage and treatment works. However, the legal availability of the water withdrawn from wells in this area may be the subject of court action in the future as part of a determination of surface water rights. Whether future court action will have an effect on the legal availability of the water supply for the proposed subdivision cannot be determined at this time. “

If you have any questions, please contact Rosemary Lopez at (602) 771-8625.

Sincerely,

A handwritten signature in black ink, appearing to read "Sandra Fabritz-Whitney". The signature is fluid and cursive, with the first name "Sandra" being the most prominent.

Sandra Fabritz-Whitney
Assistant Director
Water Management Division

cc: Cochise County Planning and Zoning
Cochise County Recorder
Mark Spencer, Morning Star Airpark, LLC (via US Mail)
Rosemary Lopez, Office of Assured and Adequate Water Supply